

ANNUAL STATEMENT

For the Year Ending December 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

MCARE INC.

NAIC Group Code	3414	,	0000	NAIC Company Code	95449	Employer's ID Number	38-2649504
	(Current Period)		(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America						
Licensed as business type:	Life, Accident & Health[]		Property/Casualty[]		Hospital, Medical & Dental Service or Indemnity[]		
	Dental Service Corporation[]		Vision Service Corporation[]		Health Maintenance Organization[X]		
	Other[]		Is HMO Federally Qualified? Yes[X] No[]				
Date Incorporated or Organized	01/01/1986			Date Commenced Business	10/01/1986		
Statutory Home Office	2301 Commonwealth Blvd.			,	Ann Arbor, MI 48105		
	(Street and Number)				(City, or Town, State and Zip Code)		
Main Administrative Office	2301 Commonwealth Blvd.						
	Ann Arbor, MI 48105				(734)747-8700		
	(City or Town, State and Zip Code)				(Area Code) (Telephone Number)		
Mail Address	2301 Commonwealth Blvd.			,	Ann Arbor, MI 48105		
	(Street and Number or P.O. Box)				(City, or Town, State and Zip Code)		
Primary Location of Books and Records	2301 Commonwealth						
	Ann Arbor, MI 48105				(734)747-8700		
	(City, or Town, State and Zip Code)				(Area Code) (Telephone Number)		
Internet Website Address	www.mcare.net						
Statement Contact	Michele L. Laupmanis				(734)332-2623		
	(Name)				(Area Code)(Telephone Number)(Extension)		
	mlaupman@mcare.med.umich.edu				(734)332-2177		
	(E-Mail Address)				(Fax Number)		
Policyowner Relations Contact	2301 Commonwealth Blvd.						
	Ann Arbor, MI 48105				(734)913-2211		
	(City, or Town, State and Zip Code)				(Area Code) (Telephone Number)(Extension)		

OFFICERS

President	Zelda Geyer-Sylvia
Secretary	Larry Warren
Treasurer	Douglas L. Strong
Chief Financial Officer	Gregory A. Hawkins
Chairman	Lazar J. Greenfield M.D.
	#

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Colleen Cuneo #	Douglas L. Strong
Sally Joy #	Jean M. Malouin M.D. #
Allen S. Lichter M.D.	Timothy P. Slottow #
Zelda Geyer-Sylvia	Larry Warren
Miriam M. Weininger	Darrell A. Campbell, Jr. M.D.

State of Michigan
County of Washtenaw ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manuals except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)	(Signature)	(Signature)
Zelda Geyer-Sylvia	Gregory A. Hawkins	Douglas L. Strong
(Printed Name)	(Printed Name)	(Printed Name)
President	Chief Financial Officer	Treasurer

	a. Is this an original filing?	Yes[X] No[]
	b. If no,	
	1. State the amendment number	
	2. Date filed	
	3. Number of pages attached	

Subscribed and sworn to before me this
day of , 2003

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets	Net Admitted Assets
1.	Bonds	23,373,779		23,373,779	6,919,114
2.	Stocks:				
2.1	Preferred stocks				
2.2	Common stocks	10,585,389		10,585,389	8,320,840
3.	Mortgage loans on real estate:				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances)			(a)	
4.2	Properties held for the production of income (less \$..... encumbrances)				
4.3	Properties held for sale (less \$..... encumbrances)				
5.	Cash (\$.....13,478,067, Schedule E - Part 1) and short-term investments (\$.....83,509,792, Schedule DA - Part 2)	96,987,859		96,987,859	110,751,985
6.	Other long-term invested assets	1,048,319		1,048,319	
7.	Receivable for securities				
8.	Aggregate write-ins for invested assets				
9.	Subtotal, cash and invested assets (Lines 1 to 8)	131,995,346		131,995,346	125,991,939
10.	Accident and health premiums due and unpaid	1,853,065	41,253	1,811,812	1,290,268
11.	Health care receivables				
12.	Amounts recoverable from reinsurers				
13.	Net adjustment in assets and liabilities due to foreign exchange rates				
14.	Investment income due and accrued	508,227		508,227	1,023,328
15.	Amounts due from parent, subsidiaries and affiliates				
16.	Amounts receivable relating to uninsured accident and health plans				
17.	Furniture and equipment	352,604		352,604	876,674
18.	Amounts due from agents				
19.	Federal and foreign income tax recoverable and interest thereon (including \$..... net deferred tax asset)				
20.	Electronic data processing equipment and software	1,787,497	885,373	902,124	1,551,522
21.	Other nonadmitted assets				
22.	Aggregate write-ins for other than invested assets	2,175,276	1,498,924	676,352	834,011
23.	Total assets (Lines 9 plus 10 through 22)	138,672,015	2,425,550	136,246,465	131,567,742
DETAILS OF WRITE-INS					
0801	.....			
0802	.....			
0803	.....			
0898.	Summary of remaining write-ins for Line 8 from overflow page				
0899.	TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above)				
2201.	Leasehold Improvements	676,352		676,352	834,011
2202.	Prepaid Expenses	1,498,924	1,498,924		
2203	.....			
2298.	Summary of remaining write-ins for Line 22 from overflow page				
2299.	TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above)	2,175,276	1,498,924	676,352	834,011

(a) \$..... health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)	61,323,283		61,323,283	62,150,590
2.	Accrued medical incentive pool and bonus payments	18,995,264		18,995,264	11,716,810
3.	Unpaid claims adjustment expenses				
4.	Aggregate policy reserves				
5.	Aggregate claim reserves				
6.	Premiums received in advance	10,145,878		10,145,878	13,398,063
7.	General expenses due or accrued				
8.	Federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) (including \$..... net deferred tax liability)				
9.	Amounts withheld or retained for account of others				
10.	Borrowed money (including \$..... current) and interest thereon \$..... (including\$..... current)				
11.	Amounts due to parent, subsidiaries and affiliates				
12.	Payable to securities				
13.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers				
14.	Reinsurance in unauthorized companies				
15.	Net adjustments in assets and liabilities due to foreign exchange rates				
16.	Liability for amounts held under uninsured accident and health plans				
17.	Aggregate write-ins for other liabilities (including \$..... current)	4,235,947		4,235,947	3,611,178
18.	Total liabilities (Lines 1 to 17)	94,700,372		94,700,372	90,876,641
19.	Common capital stock	X X X	X X X		
20.	Preferred capital stock	X X X	X X X		
21.	Gross paid in and contributed surplus	X X X	X X X		
22.	Surplus notes	X X X	X X X	4,331,446	4,331,446
23.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
24.	Unassigned funds (surplus)	X X X	X X X	37,214,647	36,359,655
25.	Less treasury stock, at cost:	X X X	X X X		
25.1	..... shares common (value included in Line 19 \$.....)	X X X	X X X		
25.2	..... shares preferred (value included in Line 20 \$.....)	X X X	X X X		
26.	Total capital and surplus (Lines 19 to 25)	X X X	X X X	41,546,093	40,691,101
27.	Total liabilities, capital and surplus (Lines 18 and 26)	X X X	X X X	136,246,465	131,567,742
DETAILS OF WRITE-INS					
1701.	Accrued Salaries	2,064,465		2,064,465	2,001,010
1702.	Accrued Administrative Expenses	2,171,482		2,171,482	1,610,168
1703	.....			
1798.	Summary of remaining write-ins for Line 17 from overflow page				
1799.	TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above)	4,235,947		4,235,947	3,611,178
2301	.....	X X X	X X X		
2302	.....	X X X	X X X		
2303	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	2,426,305	2,353,728
2.	Net premium income	X X X	488,681,852	488,779,461
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate Write-Ins for Other health care related revenues	X X X		
7.	Total revenues (Lines 2 to 6)	X X X	488,681,852	488,779,461
Medical and Hospital:				
8.	Hospital/medical benefits		319,917,977	343,353,517
9.	Other Professional Services			
10.	Outside Referrals			
11.	Emergency room and out-of-area		2,889,161	2,038,279
12.	Prescription drugs		71,348,236	68,029,970
13.	Aggregate write-ins for other medical and hospital		37,558,322	21,476,276
14.	Incentive pool and withhold adjustments		19,688,760	11,716,810
15.	Subtotal (Lines 8 to 14)		451,402,456	446,614,852
LESS:				
16.	Net reinsurance recoveries			
17.	Total medical and hospital (Lines 15 minus 16)		451,402,456	446,614,852
18.	Claims adjustment expenses			
19.	General administrative expenses		35,420,712	36,799,929
20.	Increase in reserves for accident and health contracts			
21.	Total underwriting deductions (Lines 17 through 20)		486,823,168	483,414,781
22.	Net underwriting gain or (loss) (Lines 7 minus 21)	X X X	1,858,684	5,364,680
23.	Net investment income earned		3,210,604	4,957,500
24.	Net realized capital gains or (losses)		150,265	60,489
25.	Net investment gains or (losses) (Lines 23 plus 24)		3,360,869	5,017,989
26.	Net gain or (Loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
27.	Aggregate write-ins for other income or expenses		(886,000)	
28.	Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)		4,333,553	10,382,669
29.	Federal and foreign income taxes incurred	X X X		
30.	Net income (loss) (Lines 28 minus 29)	X X X	4,333,553	10,382,669
DETAILS OF WRITE-INS				
0601	.....	X X X		
0602	.....	X X X		
0603	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
1301.	Misc Health and Mental Health		36,888,108	20,559,834
1302.	Stop-Loss Insurance		670,214	916,442
1303	.....		
1398.	Summary of remaining write-ins for Line 13 from overflow page			
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)		37,558,322	21,476,276
2701.	Interest Expense on Note Payable		(886,000)	
2702	.....		
2703	.....		
2798.	Summary of remaining write-ins for Line 27 from overflow page			
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)		(886,000)	

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
31.	Capital and surplus prior reporting year	40,691,101	31,611,238
GAINS AND LOSSES TO CAPITAL & SURPLUS			
32.	Net income or (loss) from Line 30	4,333,553	10,382,669
33.	Change in valuation basis of aggregate policy and claim reserves		
34.	Net unrealized capital gains and losses	(2,183,562)	(1,815,929)
35.	Change in net unrealized foreign exchange capital gain or (loss)		
36.	Change in net deferred income tax		
37.	Change in nonadmitted assets	(1,294,999)	513,123
38.	Change in unauthorized reinsurance		
39.	Change in treasury stock		
40.	Change in surplus notes		
41.	Cumulative effect of changes in accounting principles		
42.	Capital Changes:		
42.1	Paid in		
42.2	Transferred from surplus (Stock Dividend)		
42.3	Transferred to surplus		
43.	Surplus adjustments:		
43.1	Paid in		
43.2	Transferred to capital (Stock Dividend)		
43.3	Transferred from capital		
44.	Dividends to stockholders		
45.	Aggregate write-ins for gains or (losses) in surplus		
46.	Net change in capital and surplus (Lines 32 to 45)	854,992	9,079,863
47.	Capital and surplus end of reporting year (Line 31 plus 46)	41,546,093	40,691,101
DETAILS OF WRITE-INS			
4501	.....	
4502	.....	
4503	.....	
4598.	Summary of remaining write-ins for Line 45 from overflow page		
4599.	TOTALS (Lines 4501 through 4503 plus 4598) (Line 45 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance	484,866,870	488,779,461
2.	Claims and claims adjustment expenses	444,951,309	446,614,852
3.	General administrative expenses paid	35,420,713	36,799,929
4.	Other underwriting income (expenses)		
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	4,494,848	5,364,680
6.	Net investment income	3,793,423	5,017,989
7.	Other income (expenses)	(886,000)	
8.	Federal and foreign income taxes (paid) recovered		
9.	Net cash from operations (Line 5 to 8)	7,402,271	10,382,669
Cash from Investments			
10.	Proceeds from investments sold, matured or repaid:		
10.1	Bonds	495,000	
10.2	Stocks		
10.3	Mortgage loans		
10.4	Real estate		
10.5	Other invested assets		6,628
10.6	Net gains or (losses) on cash and short-term investments	11,191	78,694
10.7	Miscellaneous proceeds		8,011,051
10.8	Total investment proceeds (Lines 10.1 to 10.7)	506,191	8,096,373
11.	Cost of investments acquired (long-term only):		
11.1	Bonds	17,002,393	6,924,983
11.2	Stocks	4,415,822	9,063,272
11.3	Mortgage loans		
11.4	Real estate		
11.5	Other invested assets	1,050,000	170,686
11.6	Miscellaneous applications		
11.7	Total investments acquired (Lines 11.1 to 11.6)	22,468,215	16,158,941
12.	Net cash from investments (Line 10.8 minus Line 11.7)	(21,962,024)	(8,062,568)
Cash from Financing and Miscellaneous Sources			
13.	Cash provided:		
13.1	Surplus notes, capital and surplus paid in		
13.2	Net transfers from affiliates		
13.3	Borrowed funds received		
13.4	Other cash provided	1,955,896	709,297
13.5	Total (Lines 13.1 to 13.4)	1,955,896	709,297
14.	Cash applied:		
14.1	Dividends to stockholder paid		
14.2	Net transfers to affiliates		
14.3	Borrowed funds repaid		
14.4	Other applications	1,160,269	2,980,499
14.5	Total (Lines 14.1 to 14.4)	1,160,269	2,980,499
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	795,627	(2,271,202)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	(13,764,126)	48,899
17.	Cash and short-term investments:		
17.1	Beginning of year	110,751,985	110,703,086
17.2	End of year (Line 16 plus Line 17.1)	96,987,859	110,751,985

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS
(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other
1.	Net premium income	488,681,852	362,182,711	.....	.....	.....	.....	17,583,492	85,290,724	23,624,925	.....	.....	.....	.....
2.	Change in unearned premium reserves and reserve for rate credit .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	Fee-for-service (net of \$..... medical expenses) .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.	Risk revenue .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
5.	Aggregate write-ins for other health care related revenues .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
6.	Total revenues (Lines 1 to 5)	488,681,852	362,182,711	.....	.....	.....	.....	17,583,492	85,290,724	23,624,925	.....	.....	.....	.....
7.	Medical/hospital benefits	319,917,977	228,266,558	.....	.....	.....	.....	13,999,587	61,993,162	15,658,670	.....	.....	.....	.....
8.	Other professional services .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
9.	Outside referrals .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
10.	Emergency room and out-of-area	2,889,161	2,758,382	.....	.....	.....	.....	.....	97,885	32,894	.....	.....	.....	.....
11.	Prescription drugs	71,348,236	58,411,275	.....	.....	.....	.....	2,981,091	5,395,948	4,559,922	.....	.....	.....	.....
12.	Aggregate write-ins for other medical and hospital	37,558,322	20,099,966	.....	.....	.....	.....	107,685	16,437,353	913,318	.....	.....	.....	.....
13.	Incentive pool and withhold adjustments	19,688,760	19,376,047	.....	.....	.....	.....	.....	(472,297)	785,010	.....	.....	.....	.....
14.	Subtotal (Lines 7 to 13)	451,402,456	328,912,228	.....	.....	.....	.....	17,088,363	83,452,051	21,949,814	.....	.....	.....	.....
15.	Net reinsurance recoveries .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
16.	Total medical and hospital (Lines 14 minus 15)	451,402,456	328,912,228	.....	.....	.....	.....	17,088,363	83,452,051	21,949,814	.....	.....	.....	.....
17.	Claims adjustment expenses .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
18.	General administrative expenses	35,420,712	26,549,298	.....	.....	.....	.....	937,200	6,038,358	1,895,856	.....	.....	.....	.....
19.	Increase in reserves for accident and health contracts .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
20.	Total underwriting deductions (Lines 16 to 19)	486,823,168	355,461,526	.....	.....	.....	.....	18,025,563	89,490,409	23,845,670	.....	.....	.....	.....
21.	Net underwriting gain or (loss) (Line 6 minus Line 20)	1,858,684	6,721,185	.....	.....	.....	.....	(442,071)	(4,199,685)	(220,745)	.....	.....	.....	.....
DETAILS OF WRITE-INS														
0501	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
0502	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
0503	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
0598.	Summary of remaining write-ins for Line 5 from overflow page .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
0599.	TOTAL (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1201.	Misc. Medical and Mental Health	36,888,108	19,472,692	.....	.....	.....	.....	107,685	16,397,694	910,037	.....	.....	.....	.....
1202.	Stop-Loss Insurance	670,214	627,274	.....	.....	.....	.....	.....	39,659	3,281	.....	.....	.....	.....
1203	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1298.	Summary of remaining write-ins for Line 12 from overflow page .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1299.	TOTAL (Lines 1201 through 1203 plus 1298) (Line 12 above)	37,558,322	20,099,966	.....	.....	.....	.....	107,685	16,437,353	913,318	.....	.....	.....	.....

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct	Reinsurance	Reinsurance	Net Premium
Line of Business		Business	Assumed	Ceded	Income
					(Columns
					1 + 2 - 3)
1.	Comprehensive (medical and hospital)	362,182,711	.....	.....	362,182,711
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan				
	Premiums	17,583,492	.....	.....	17,583,492
6.	Title XVIII - Medicare	85,290,724	.....	.....	85,290,724
7.	Title XIX - Medicaid	23,624,925	.....	.....	23,624,925
8.	Other .....	.....	.....	.....	.....
9.	TOTALS	488,681,852	.....	.....	488,681,852

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Payments during the year:									
1.1 Direct	432,541,004	296,637,170				8,071,721	109,018,887	18,813,226	
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	432,541,004	296,637,170				8,071,721	109,018,887	18,813,226	
2. Paid medical incentive pools and bonuses	12,410,306	9,899,069					1,735,008	776,229	
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	61,323,282	36,904,226				314,976	24,104,080		
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net	61,323,282	36,904,226				314,976	24,104,080		
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct									
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net									
5. Accrued medical incentive pools and bonuses, current year	18,995,265	18,682,552					785,010	(472,297)	
6. Amounts recoverable from reinsurers December 31, current year									
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	62,150,590	32,967,741				864,876	28,304,205	13,768	
7.2 Reinsurance assumed									
7.3 Reinsurance ceded									
7.4 Net	62,150,590	32,967,741				864,876	28,304,205	13,768	
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct									
8.2 Reinsurance assumed									
8.3 Reinsurance ceded									
8.4 Net									
9. Accrued medical incentive pools and bonuses, prior year	11,716,810	8,189,952					2,835,237	691,621	
10. Amounts recoverable from reinsurers December 31, prior year									
11. Incurred benefits:									
11.1 Direct	431,713,696	300,573,655				7,521,821	104,818,762	18,799,458	
11.2 Reinsurance assumed									
11.3 Reinsurance ceded									
11.4 Net	431,713,696	300,573,655				7,521,821	104,818,762	18,799,458	
12. Incurred medical incentive pools and bonuses	19,688,761	20,391,669					(315,219)	(387,689)	

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - Claims Liability End of Current Year

		1	2	3	4	5	6	7	8	9
		Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1.	Reported in Process of Adjustment:									
	1.1 Direct	12,333,065	7,485,360					4,847,705		
	1.2 Reinsurance assumed									
	1.3 Reinsurance ceded									
	1.4 Net	12,333,065	7,485,360					4,847,705		
2.	Incurred but Unreported:									
	2.1 Direct	48,990,218	29,418,867				314,976	19,256,375		
	2.2 Reinsurance assumed									
	2.3 Reinsurance ceded									
	2.4 Net	48,990,218	29,418,867				314,976	19,256,375		
3.	Amounts Withheld from Paid Claims and Capitations:									
	3.1 Direct									
	3.2 Reinsurance assumed									
	3.3 Reinsurance ceded									
	3.4 Net									
4.	TOTALS									
	4.1 Direct	61,323,283	36,904,227				314,976	24,104,080		
	4.2 Reinsurance assumed									
	4.3 Reinsurance ceded									
	4.4 Net	61,323,283	36,904,227				314,976	24,104,080		

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred Durring the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
Line of Business						Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (medical and hospital)	18,246,716	278,390,454	1,999,908	34,903,176	20,246,624	32,967,740
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan Premiums	851,820	7,219,901	37,430	278,688	889,250	864,876
6.	Title XVIII - Medicare	17,889,068	91,129,819	3,674,964	20,429,116	21,564,032	28,304,205
7.	Title XIX - Medicaid		18,813,226				13,768
8.	Other						
9.	Subtotal	36,987,604	395,553,400	5,712,302	55,610,980	42,699,906	62,150,589
10.	Medical incentive pools, accrual and disbursements	12,410,306		3,396,711	15,598,553	15,807,017	11,716,810
11.	TOTALS	49,397,910	395,553,400	9,109,013	71,209,533	58,506,923	73,867,399

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Grand Total

Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X	(1,163)		
5.	2001	X X X	X X X	X X X	38,151	
6.	2002	X X X	X X X	X X X	X X X	230,525

Section B - Incurred Claims

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X	(1,063)		
5.	2001	X X X	X X X	X X X	39,159	
6.	2002	X X X	X X X	X X X	X X X	275,402

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998										
3.	1999										
4.	2000										
5.	2001										
6.	2002										
7.	TOTAL (Lines 1 through 6)	X X X			X X X		X X X				X X X
8.	TOTAL (Lines 2 through 6)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Hospital and Medical
Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X	(715)		
5.	2001	X X X	X X X	X X X	19,073	
6.	2002	X X X	X X X	X X X	X X X	145,766

Section B - Incurred Claims

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X	(672)		
5.	2001	X X X	X X X	X X X	19,523	
6.	2002	X X X	X X X	X X X	X X X	173,945

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998										
3.	1999										
4.	2000										
5.	2001										
6.	2002										
7.	TOTAL (Lines 1 through 6)	X X X			X X X		X X X				X X X
8.	TOTAL (Lines 2 through 6)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only. NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only. NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only. NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only. NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only. NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only. NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)
Federal Employees Health Benefits Plan Premiums

Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior .....	.....	.....	.....	.....	.....
2.	1998 .....	.....	.....	.....	.....	.....
3.	1999 .....	..... X X X .....	.....	.....	.....	.....
4.	2000 .....	..... X X X .....	..... X X X .....	.....	.....	.....
5.	2001 .....	..... X X X .....	..... X X X .....	..... X X X .....	..... 852 .....	.....
6.	2002 .....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X .....	..... 7,220

Section B - Incurred Claims

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior .....	.....	.....	.....	.....	.....
2.	1998 .....	.....	.....	.....	.....	.....
3.	1999 .....	..... X X X .....	.....	.....	.....	.....
4.	2000 .....	..... X X X .....	..... X X X .....	.....	.....	.....
5.	2001 .....	..... X X X .....	..... X X X .....	..... X X X .....	..... 888 .....	.....
6.	2002 .....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X .....	..... 7,499

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998 .....	..... X X X .....	.....	.....	..... X X X .....	.....	..... X X X .....	.....	.....	.....	..... X X X
2.	1998 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	1999 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.	2000 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
5.	2001 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
6.	2002 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
7.	TOTAL (Lines 1 through 6) .....	..... X X X .....	.....	.....	..... X X X .....	.....	..... X X X .....	.....	.....	.....	..... X X X
8.	TOTAL (Lines 2 through 6) .....	.....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X

12 Fed Emp HBPP

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Title XVIII - Medicare

Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior .....	.....	.....	.....	.....	.....
2.	1998 .....	.....	.....	.....	.....	.....
3.	1999 .....	..... X X X .....	.....	.....	.....	.....
4.	2000 .....	..... X X X .....	..... X X X .....	..... (448) .....	.....	.....
5.	2001 .....	..... X X X .....	..... X X X .....	..... X X X .....	..... 18,226 .....	.....
6.	2002 .....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X .....	..... 77,539

Section B - Incurred Claims

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior .....	.....	.....	.....	.....	.....
2.	1998 .....	.....	.....	.....	.....	.....
3.	1999 .....	..... X X X .....	.....	.....	.....	.....
4.	2000 .....	..... X X X .....	..... X X X .....	..... (391) .....	.....	.....
5.	2001 .....	..... X X X .....	..... X X X .....	..... X X X .....	..... 18,748 .....	.....
6.	2002 .....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X .....	..... 93,958

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998 .....	..... X X X .....	.....	.....	..... X X X .....	.....	..... X X X .....	.....	.....	.....	..... X X X
2.	1998 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	1999 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.	2000 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
5.	2001 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
6.	2002 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
7.	TOTAL (Lines 1 through 6) .....	..... X X X .....	.....	.....	..... X X X .....	.....	..... X X X .....	.....	.....	.....	..... X X X
8.	TOTAL (Lines 2 through 6) .....	.....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X .....	..... X X X

12 Title XVIII-Medicare

NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve - NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
1. Rent (\$..... for occupancy of own building)		2,625,554		2,625,554
2. Salaries, wages and other benefits		21,629,638		21,629,638
3. Commissions (less \$..... ceded plus \$..... assumed) ...				
4. Legal fees and expenses				
5. Certifications and accreditation fees		42,657		42,657
6. Auditing, actuarial and other consulting services		474,621		474,621
7. Traveling expenses		131,610		131,610
8. Marketing and advertising		998,018		998,018
9. Postage, express and telephone		1,682,725		1,682,725
10. Printing and office supplies		1,271,321		1,271,321
11. Occupancy, depreciation and amortization		679,049		679,049
12. Equipment		1,660,380		1,660,380
13. Cost or depreciation of EDP equipment and software		1,044,205		1,044,205
14. Outsourced services including EDP, claims, and other services		2,451,692		2,451,692
15. Boards, bureaus and association fees		248,278		248,278
16. Insurance, except on real estate				
17. Collection and bank service charges				
18. Group service and administration fees				
19. Reimbursements by uninsured accident and health plans				
20. Reimbursements from fiscal intermediaries				
21. Real estate expenses				
22. Real estate taxes				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes				
23.2 State premium taxes				
23.3 Regulator authority licenses and fees				
23.4 Payroll taxes				
23.5 Other (excluding federal income and real estate taxes)				
24. Investment expenses not included elsewhere			72,793	72,793
25. Aggregate write-ins for expenses		480,965		480,965
26. Total expenses incurred (Lines 1 to 25)		35,420,713	72,793	(a) 35,493,506
27. Add expenses unpaid December 31, prior year				
28. Less expenses unpaid December 31, current year				
29. Amounts receivable relating to uninsured accident and health plans, prior year				
30. Amounts receivable relating to uninsured accident and health plans, current year				
31. Total expenses paid (Lines 26 plus 27 minus 28 minus 29 plus 30) .		35,420,713	72,793	35,493,506
DETAILS OF WRITE-INS				
2501. Bad Debt		352,000		352,000
2502. Miscellaneous		128,965		128,965
2503				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above)		480,965		480,965

(a) Includes management fees of \$..... to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)..... 48,844	22,628
1.1	Bonds exempt from U.S. tax	(a).....	
1.2	Other bonds (unaffiliated)	(a)..... 767,942	767,942
1.3	Bonds of affiliates	(a).....	
2.1	Preferred stocks (unaffiliated)	(b).....	
2.11	Preferred stocks of affiliates	(b).....	
2.2	Common stocks (unaffiliated)	115,823	115,823
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c).....	
4.	Real estate	(d).....	
5.	Contract loans		
6.	Cash/short-term investments	(e)..... 3,642,506	2,875,954
7.	Derivative instruments	(f).....	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	4,575,114	3,782,347
11.	Investment expenses		(g)..... 72,793
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h)..... 338,239
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income		147
16.	Total deductions (Lines 11 through 15)		411,180
17.	Net Investment income (Line 10 minus Line 16)		3,371,167
DETAILS OF WRITE-INS			
0901	.....	
0902	.....	
0903	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.	Adjustment to long term investment balance		147
1502	.....	
1503	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		147

- (a) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.
- (c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.
- (e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (f) Includes \$..... accrual of discount less \$..... amortization of premium.
- (g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.
- (i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds	(16,822)	(5,559)	2,573		(19,808)
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)			(38,478)		(38,478)
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)			(2,151,274)		(2,151,274)
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash/short-term investments	11,191		6,286		17,477
7.	Derivative instruments					
8.	Other invested assets			(1,681)		(1,681)
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	(5,632)	(5,559)	(2,182,573)		(2,193,763)
DETAILS OF WRITE-INS						
0901	.....				
0902	.....				
0903	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)					

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of items Page 2, Lines 10 to 13 and 15 to 20, Column 2	926,626	791,896	(134,730)
2. Other Nonadmitted Assets:			
2.1 Bills receivable			
2.2 Leasehold improvements			
2.3 Cash advanced to or in the hands of officers and agents			
2.4 Loans on personal security, endorsed or not			
2.5 Commuted commissions			
3. Total (Lines 2.1 to 2.5)			
4. Aggregate write-ins for other assets	1,498,924	338,655	(1,160,269)
5. TOTAL (Line 1 plus Line 3 and Line 4)	2,425,550	1,130,551	(1,294,999)
DETAILS OF WRITE-INS			
0401. Prepaid Expenses	1,498,924	338,655	(1,160,269)
0402			
0403			
0498. Summary of remaining write-ins for Line 4 from overflow page			
0499. TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above)	1,498,924	338,655	(1,160,269)

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	136,980	150,216	151,992	153,266	155,467	1,814,180
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service	28,319	26,929	26,164	24,667	25,200	310,149
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business	32,422	25,681	25,540	24,846	24,503	301,976
7.	TOTAL	197,721	202,826	203,696	202,779	205,170	2,426,305
DETAILS OF WRITE-INS							
0601.	Medicare	19,464	12,145	11,548	10,413	10,006	134,543
0602.	Medicaid	12,958	13,536	13,992	14,433	14,497	167,433
0603	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	32,422	25,681	25,540	24,846	24,503	301,976

Notes to Financial Statement

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities	1,073,233	0.813	1,073,233	0.813
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies				
1.22	Issued by U.S. government sponsored agencies				
1.3	Foreign government (including Canada, excluding mortgage-backed securities)				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43	Revenue and assessment obligations				
1.44	Industrial development and similar obligations				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Guaranteed by GNMA				
1.512	Issued by FNMA and FHLMC				
1.513	Privately issued				
1.52	CMOs and REMICs:				
1.521	Issued by FNMA and FHLMC				
1.522	Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523	All other privately issued				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2	Unaffiliated foreign securities				
2.3	Affiliated securities				
3.	Equity interests:				
3.1	Investments in mutual funds	32,885,935	24.914	32,885,935	24.914
3.2	Preferred stocks:				
3.21	Affiliated				
3.22	Unaffiliated				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated				
3.32	Unaffiliated				
3.4	Other equity securities:				
3.41	Affiliated				
3.42	Unaffiliated				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated				
3.52	Unaffiliated				
4.	Mortgage loans:				
4.1	Construction and land development				
4.2	Agricultural				
4.3	Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
5.	Real estate investments:				
5.1	Property occupied by company				
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt)				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt)				
6.	Policy loans				
7.	Receivables for securities				
8.	Cash and short-term investments	96,987,859	73.478	96,987,859	73.478
9.	Other invested assets	1,048,319	0.794	1,048,319	0.794
10.	Total invested assets	131,995,346	100.000	131,995,346	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[] No[X]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[] No[] N/A[X]
- 1.3 State Regulating?

.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

.....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/2000.....
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....08/30/2001.....
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....08/30/2001.....
- 3.4 By what department or departments?
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

Yes[] No[X]
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

Yes[] No[X]
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,

.....
- 7.21 State the percentage of foreign control

.....%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity
.....

GENERAL INTERROGATORIES (continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PricewaterhouseCoopers LLP, 400 Renaissance Center, Detroit, MI 48243-1507

9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
PricewaterhouseCoopers LLP, One North Wacker Drive, Chicago, IL 60622 - Actuary

10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?
10.3 Have there been any changes made to any of the trust indentures during the year?
10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes?
- Yes[] No[] N/A[X]
Yes[] No[] N/A[X]
Yes[] No[] N/A[X]

BOARD OF DIRECTORS

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

13. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?
- Yes[] No[X]

Yes[X] No[]

Yes[X] No[]

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
14.11 To directors or other officers
14.12 To stockholders not officers
14.13 Trustees, supreme or grand (Fraternal only)

14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
14.21 To directors or other officers
14.22 To stockholders not officers
14.23 Trustees, supreme or grand (Fraternal only)

15.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

15.2 If yes, state the amount thereof at December 31 of the current year:
15.21 Rented from others
15.22 Borrowed from others
15.23 Leased from others
15.24 Other
- \$
\$
\$
\$
\$
\$
\$
\$
\$
\$

Yes[] No[X]

\$
\$
\$
\$
\$
- Disclose in Notes to Financial the nature of each obligation.

16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

16.2 If answer is yes:
16.21 Amount paid as losses or risk adjustment
16.22 Amount paid as expenses
16.23 Other amounts paid
- Yes[] No[X]

\$
\$
\$

GENERAL INTERROGATORIES (continued)

INVESTMENT

17. List the following capital stock information for the reporting entity:

	1	2	3	4	5	6
Class	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price If Callable	Is Dividend Rate Limited?	Are Dividends Cumulative?
1. Preferred	Yes[] No[] N/A[X]	Yes[] No[] N/A[X]
2. Common	X X X	X X X	X X X

18.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes[] No[X]

18.2 If no, give full and complete information, relating thereto:
Held in trust with Mellon Bank

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 2 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1). Yes[] No[X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21	Loaned to others	\$
19.22	Subject to repurchase agreements	\$
19.23	Subject to reverse repurchase agreements	\$
19.24	Subject to dollar repurchase agreements	\$
19.25	Subject to reverse dollar repurchase agreements	\$
19.26	Pledged as collateral	\$
19.27	Placed under option agreements	\$
19.28	Letter stock or securities restricted as to sale	\$
19.29	Other	\$

19.3 For each category above, if any of these assets are held by other, identify by whom held:

- 19.31
- 19.32
- 19.33
- 19.34
- 19.35
- 19.36
- 19.37
- 19.38
- 19.39

For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[] No[X]
20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[] No[] N/A[X]
If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[] No[X]

21.2 If yes, state the amount thereof at December 31 of the current year. \$

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] No[]
22.1 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1		2
Name of Custodian(s)		Custodian's Address
22.1001	Mellon Trust	Medford, MA 02155-1660

GENERAL INTERROGATORIES (continued)

INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year? Yes[] No[X]

22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

22.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
.....

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
NONE

24.1 Amount of payments for legal expenses, if any? \$

24.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
NONE

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$

25.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
NONE

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes[] No[X]
1.2 If yes, indicate premium earned on U.S. business only:	\$
1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$
1.31 Reason for excluding:	
1.4 Indicate amount of premium earned attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$
1.5 Indicate total incurred claims on all Medicare Supplement insurance.	\$
1.6 Individual policies - Most current three years:	
1.61 Total premium earned	\$
1.62 Total incurred claims	\$
1.63 Number of covered lives	\$
All years prior to most current three years:	
1.64 Total premium earned	\$
1.65 Total incurred claims	\$
1.66 Number of covered lives	\$
1.7 Group policies - Most current three years:	
1.71 Total premium earned	\$
1.72 Total incurred claims	\$
1.73 Number of covered lives	\$
All years prior to most current three years:	
1.74 Total premium earned	\$
1.75 Total incurred claims	\$
1.76 Number of covered lives	\$
2.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?	Yes[] No[X]
2.2 If yes, give particulars:	
3.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?	Yes[X] No[]
3.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?	Yes[X] No[]
4.1 Does the reporting entity have stop-loss reinsurance?	Yes[X] No[]
4.2 If no, explain:	
4.3 Maximum retained risk (see instructions):	
4.31 Comprehensive Medical	\$ 200,000
4.32 Medical Only	\$
4.33 Medicare Supplement	\$
4.34 Dental	\$
4.35 Other Limited Benefit Plan	\$
4.36 Other	\$
5. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements: M-CARE currently has an insolvency arrangement with Allianz Life Insurance Company for insolvency protection.	
6.1 Does the reporting entity set up its claim liability for provider services on a service data base?	Yes[X] No[]
6.2 If no, give details:	
7. Provide the following information regarding participating providers:	
7.1 Number of providers at start of reporting year	..... 6013
7.2 Number of providers at end of reporting year	..... 5866
8.1 Does the reporting entity have business subject to premium rate guarantees?	Yes[] No[X]
8.2 If yes, direct premium earned:	
8.21 Business with rate guarantees between 15-36 months	..... 0
8.22 Business with rate guarantees over 36 months	..... 0
9.1 Does the reporting entity have Bonus/Withhold Arrangements in its provider contracts?	Yes[X] No[]
9.2 If yes:	
9.21 Maximum amount payable bonuses	\$
9.22 Amount actually paid for year bonuses	\$
9.23 Maximum amount payable withholds	\$ 18,995,264
9.24 Amount actually paid for year withholds	\$
10. List service areas in which reporting entity is licensed to operate:	

1	
Name of Service Area	
Clinton	.....
Eaton	.....
Genessee	.....
Ingham	.....
Jackson	.....
Lapeer	.....
Livingston	.....
Macomb	.....
Oakland	.....
Shiawassee	.....
St. Clair	.....
Washtenaw	.....
Wayne	.....

FIVE-YEAR HISTORICAL DATA

	1 2002	2 2001	3 2000	4 1999	5 1998
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	136,246,465	131,567,742	128,059,965	84,822,248	79,609,276
2. Total liabilities (Page 3, Line 18)	94,700,372	90,876,641	96,448,727	67,200,538	64,084,465
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 26)	41,546,093	40,691,101	31,611,238	17,621,710	15,524,811
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	488,681,852	488,779,461	417,751,891	361,011,127	290,851,876
6. Total medical and hospital expenses (Line 17)	451,402,456	446,614,852	374,996,805	329,225,625	273,620,623
7. Total administrative expenses (Line 19)	35,420,712	36,799,929	37,067,273	37,063,678	36,480,532
8. Net underwriting gain (loss) (Line 22)	1,858,684	5,364,680	5,687,813	(5,278,179)	(19,249,279)
9. Net investment gain (loss) (Line 25)	3,360,869	5,017,989	8,100,022	4,313,913	5,125,631
10. Total other income (Lines 26 plus 27)	(886,000)				
11. Net income or (loss) (Line 30)	4,333,553	10,382,669	13,787,835	(964,266)	(14,123,648)
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	41,546,093	40,691,101	31,611,238	17,621,710	
13. Authorized control level risk-based capital	13,721,645	13,660,935	11,923,089	4,947,020	
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	205,170	197,721	183,288	180,815	172,101
15. Total members months (Column 6, Line 7)	2,426,305	2,353,728	2,179,112	2,166,442	1,962,209
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5)					
16. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)	92.4	91.4	89.8	91.2	94.1
18. Total underwriting deductions (Line 21)	99.6	98.9	98.6	101.5	106.6
19. Total underwriting gain (loss) (Line 22)	0.4	1.1	1.4	(1.5)	(6.6)
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	58,506,923	54,582,253	27,510,924	38,133,390	26,387,977
21. Estimated liability of unpaid claims-[prior year (Line 11, Col. 6)] ..	73,867,399	64,996,566	37,864,165	41,038,760	25,627,784

FIVE-YEAR HISTORICAL DATA (Continued)

		1 2002	2 2001	3 2000	4 1999	5 1998
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES						
22.	Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
23.	Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
24.	Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)					
25.	Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
26.	Affiliated mortgage loans on real estate					
27.	All other affiliated					
28.	Total of above Lines 22 to 27					

NONE

SCHEDULE D - SUMMARY BY COUNTRY
Long-term Bonds and Stocks OWNED December 31 of Current Year

Description			1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States	1,073,233	1,073,233	1,058,626	1,061,775
	2.	Canada				
	3.	Other Countries				
	4.	Totals	1,073,233	1,073,233	1,058,626	1,061,775
States, Territories and Possessions (Direct and Guaranteed)	5.	United States				
	6.	Canada				
	7.	Other Countries				
	8.	Totals				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States				
	10.	Canada				
	11.	Other Countries				
	12.	Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States				
	14.	Canada				
	15.	Other Countries				
	16.	Totals				
Public Utilities (unaffiliated)	17.	United States				
	18.	Canada				
	19.	Other Countries				
	20.	Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States	22,300,545	22,300,545	22,357,398	2,215,920
	22.	Canada				
	23.	Other Countries				
	24.	Totals	22,300,545	22,300,545	22,357,398	2,215,920
Parent, Subsidiaries and Affiliates	25.	Totals				
	26.	Total Bonds	23,373,779	23,373,779	23,416,024	3,277,695
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States				
	28.	Canada				
	29.	Other Countries				
	30.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States				
	32.	Canada				
	33.	Other Countries				
	34.	Totals				
Industrial and Miscellaneous (unaffiliated)	35.	United States				
	36.	Canada				
	37.	Other Countries				
	38.	Totals				
Parent, Subsidiaries and Affiliates	39.	Totals				
	40.	Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States				
	42.	Canada				
	43.	Other Countries				
	44.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States				
	46.	Canada				
	47.	Other Countries				
	48.	Totals				
Industrial and Miscellaneous (unaffiliated)	49.	United States	10,585,389	10,585,389	13,479,095	
	50.	Canada				
	51.	Other Countries				
	52.	Totals	10,585,389	10,585,389	13,479,095	
Parent, Subsidiaries and Affiliates	53.	Totals				
	54.	Total Common Stocks	10,585,389	10,585,389	13,479,095	
	55.	Total Stocks	10,585,389	10,585,389	13,479,095	
	56.	Total Bonds and Stocks	33,959,168	33,959,168	36,895,119	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....

SCHEDULE D - Verification Between Years

1. Book/adjusted carrying value of bonds and stocks, prior year.	<u>15,239,954</u>	6. Foreign Exchange Adjustment	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	<u>21,418,215</u>	6.1 Column 17, Part 1.....	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....	
3.1 Column 16, Part 1.....	<u>(36,487)</u>	6.3 Column 11, Part 2, Section 2.....	
3.2 Column 12, Part 2, Section 1.....		6.4 Column 11, Part 4.....	
3.3 Column 10, Part 2, Section 2.....	<u>(2,151,273)</u>	7. Book/adjusted carrying value at end of current period.....	<u>33,959,168</u>
3.4 Column 10, Part 4.....	<u>581</u>	8. Total valuation allowance.....	
4. Total gain (loss), Column 14, Part 4.....	<u>(16,822)</u>	9. Subtotal (Lines 7 plus 8).....	<u>33,959,168</u>
5. Deduct consideration for bonds and stocks disposed of		10. Total nonadmitted assets.....	
Column 6, Part 4.....	<u>495,000</u>	11. Statement value of bonds and stocks, current period.....	<u>33,959,168</u>

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

			1	2	Direct Business Only			
			Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6
State, Etc.					Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums
1.	Alabama	AL .....	... No ...	... No ...				
2.	Alaska	AK .....	... No ...	... No ...				
3.	Arizona	AZ .....	... No ...	... No ...				
4.	Arkansas	AR .....	... No ...	... No ...				
5.	California	CA .....	... No ...	... No ...				
6.	Colorado	CO .....	... No ...	... No ...				
7.	Connecticut	CT .....	... No ...	... No ...				
8.	Delaware	DE .....	... No ...	... No ...				
9.	District of Columbia	DC .....	... No ...	... No ...				
10.	Florida	FL .....	... No ...	... No ...				
11.	Georgia	GA .....	... No ...	... No ...				
12.	Hawaii	HI .....	... No ...	... No ...				
13.	Idaho	ID .....	... No ...	... No ...				
14.	Illinois	IL .....	... No ...	... No ...				
15.	Indiana	IN .....	... No ...	... No ...				
16.	Iowa	IA .....	... No ...	... No ...				
17.	Kansas	KS .....	... No ...	... No ...				
18.	Kentucky	KY .....	... No ...	... No ...				
19.	Louisiana	LA .....	... No ...	... No ...				
20.	Maine	ME .....	... No ...	... No ...				
21.	Maryland	MD .....	... No ...	... No ...				
22.	Massachusetts	MA .....	... No ...	... No ...				
23.	Michigan	MI .....	... No ...	... Yes ...	362,182,711	85,290,724	23,624,925	17,583,492
24.	Minnesota	MN .....	... No ...	... No ...				
25.	Mississippi	MS .....	... No ...	... No ...				
26.	Missouri	MO .....	... No ...	... No ...				
27.	Montana	MT .....	... No ...	... No ...				
28.	Nebraska	NE .....	... No ...	... No ...				
29.	Nevada	NV .....	... No ...	... No ...				
30.	New Hampshire	NH .....	... No ...	... No ...				
31.	New Jersey	NJ .....	... No ...	... No ...				
32.	New Mexico	NM .....	... No ...	... No ...				
33.	New York	NY .....	... No ...	... No ...				
34.	North Carolina	NC .....	... No ...	... No ...				
35.	North Dakota	ND .....	... No ...	... No ...				
36.	Ohio	OH .....	... No ...	... No ...				
37.	Oklahoma	OK .....	... No ...	... No ...				
38.	Oregon	OR .....	... No ...	... No ...				
39.	Pennsylvania	PA .....	... No ...	... No ...				
40.	Rhode Island	RI .....	... No ...	... No ...				
41.	South Carolina	SC .....	... No ...	... No ...				
42.	South Dakota	SD .....	... No ...	... No ...				
43.	Tennessee	TN .....	... No ...	... No ...				
44.	Texas	TX .....	... No ...	... No ...				
45.	Utah	UT .....	... No ...	... No ...				
46.	Vermont	VT .....	... No ...	... No ...				
47.	Virginia	VA .....	... No ...	... No ...				
48.	Washington	WA .....	... No ...	... No ...				
49.	West Virginia	WV .....	... No ...	... No ...				
50.	Wisconsin	WI .....	... No ...	... No ...				
51.	Wyoming	WY .....	... No ...	... No ...				
52.	American Samoa	AS .....	... No ...	... No ...				
53.	Guam	GU .....	... No ...	... No ...				
54.	Puerto Rico	PR .....	... No ...	... No ...				
55.	U.S. Virgin Islands	VI .....	... No ...	... No ...				
56.	Canada	CN .....	... No ...	... No ...				
57.	Aggregate other alien	OT .....	... X X X ...	... X X X ...				
58.	TOTAL (Direct Business) .....		... X X X ...	(a)..... 1	362,182,711	85,290,724	23,624,925	17,583,492
DETAILS OF WRITE-INS								
5701	.....						
5702	.....						
5703	.....						
5798.	Summary of remaining write-ins for Line 57 from overflow page							
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)							

(a) Insert the number of yes responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART